

The Commission met on **Thursday, November 2, 2006**, with Chair Koppendray and Commissioners Johnson, Pugh, and Reha present.

Comment [COMMENT1]: Minutes by Peter Brown. 10 motions were made.

TELECOMMUNICATIONS AGENDA

The following matters were taken up by the Commission.

P-6587/NA-06-1085

In the Matter of the Application of IPC Network Services, Inc for a Certificate of Authority to Provide Local Niche and Long Distance Services

Commissioner Johnson moved that the Commission approve the Application for Certification.

The motion passed, 4-0.

P-421 et al/IC-06-1116

In the Matter of Service Agreements Between Certain Local Exchange Carriers and Qwest Corporation

Commissioner Reha moved that the Commission take the action set forth below:

- treat this agreement as an interconnection agreement under 47 U.S.C. § 251 for purposes of this docket only, as agreed to by all parties.
- make no determination on the legal issue of whether this and similar agreements are interconnection agreements under 47 U.S.C. § 251, infrastructure sharing agreements under 47 U.S.C. § 259, or agreements of some other sort.
- accept the agreement subject to the parties' agreement, stated on the record at hearing, to amend it to include the five provisions recommended by the Department of Commerce, set forth below:
 - (1) *Amendments.* No amendment, waiver, or consent or default under this Agreement shall be effective without the approval of the Commission.
- *Assignment.* The Party making the assignment shall notify the Commission 60 days in advance of the effective date of the assignment.
- *Default.* The Commission must be notified of any pending default in order to protect the public interest.
- *Disconnection.* Neither Party shall disconnect service to the other Party without first obtaining Commission approval.
- *Dispute Resolution.* If the dispute has been assigned to an arbitrator for resolution, and the language of the interconnection agreement provides that the decision of the arbitrator is final and binding subject to review by the Commission, the Parties

shall submit a copy of each arbitration opinion to the Commission, the Department of Commerce, and the Office of the Attorney General, Residential and Small Business Utilities Division. The arbitrator's decision shall remain in effect unless the Commission acts to suspend, modify, or reject the decision within 45 days.

The motion passed 4-0.

ENERGY AGENDA

The following matters were taken up by the Commission.

PT-6556/CN-06-1428

In the Matter of the Application of High Prairie Wind Farm II LLC for a Certificate of Need for a Large Energy Facility

Commissioner Pugh moved that the Commission

1. grant a variance to Minnesota Rules part 7849.0200, subp. 6 for the purpose of removing the 45 day filing interval between an exemption request and the filing of a certificate of need application; and
2. grant a variance to Minnesota Rules, part 7849.0200, subp. 5 and 6 to extend the period for Commission consideration of the merits of the exemption request and the completeness of the need application for an unspecified but reasonable period of time.

The motion passed, 4-0.

IP-6603/WS-06-1327

In the Matter of the Application of Project Resource Corporation for a Large Wind Energy Conversion System Site Permit for the Ridgewind Power Plant

Commissioner Reha moved that the Commission

1. accept the Ridgewind Power Partners, LLC Site Permit Application for a 24 to 27 Megawatt Large Wind Energy Conversion System (LWECS);
2. authorize the Minnesota Department of Commerce Energy Facilities Permitting staff to name a public advisor for this project;
3. make a preliminary determination to issue a site permit; and
4. authorize the issuance of a proposed draft site permit as proposed by DOC EFP staff.

The motion passed, 4-0.

E,G-002/CI-02-1346

In the Matter of an Inquiry into the Possible Effects of Financial Difficulties at NRG and Xcel on NSP and its Customers and Potential Mitigation Measures

Commissioner Pugh moved that the Commission close the investigation, subject to some or all of the following findings and requirements:

1. Xcel's Minnesota retail ratepayers must continue to be protected from any negative effects of the NRG and Xcel Energy, Inc. situation. This obligation does not end with the closing of this investigation nor with the final Order in rate case docket E-002/GR- 05-1428, and is an on-going requirement in any and all pending and future proceedings.

2. Xcel shall continue to abide by the commitments the Company has made in dockets E-002/M-00-1 553 and E,G-002/PA-99-1031 and in this docket to protect NSP-MN customers, including, but not limited to, the following [derived from Ordering Paragraph 1 of the Commission's 10/22/02 Order]:

a. Xcel and NSP are committed to meeting the utility's obligation under Minnesota law and Commission Orders to provide adequate service at reasonable costs, and to shield ratepayers from any direct or indirect effect of NRG's investments in exempt wholesale generators (EWGs) and foreign utility corporate organizations (FUCO5);

b. No NSF utility property in Minnesota will be encumbered for purposes other than operating the utility, and no Minnesota property will be used for the benefit of NRG or other nonutility purposes;

c. NSP will not seek recovery from Minnesota's ratepayers for costs and expenses incurred by NSP because of NRG's ownership of EWGs or foreign utility assets, and day-day operations will not be affected by these investments;

d. NSP will provide the Commission, its staff, the Department of Commerce, and the Residential Utilities and Small Business Division of the Office of the Attorney General (RUD-OAG) the requested information needed to regulate NSP effectively and protect ratepayer interests;

e. NSP will adjust the Renewable Development Fund and Emissions Reduction Riders to remove any capital costs attributable to the NRG situation when a specific rate rider adjustment is established;

3. Xcel shall comply with the following [derived from Ordering Paragraph 3 of the 10/22/02 Order, with modifications to make certain provisions on-going]:

a. Xcel shall use the Commission-approved cost of capital in all its present and future filings before the Commission where cost of capital is being used;

b. Xcel shall identify all issuances of debt and associated costs from June 1, 2002 forward in all future rate cases¹ in a manner that will facilitate a potential adjustment to mitigate impacts of adverse market factors due to NRG's situation;

c. Xcel shall provide a discussion and analysis in all pending and future rate cases of the effects of NRG's financial situation on NSP's cost of common equity.

4. In its capital structure/securities issuance filings, Xcel shall continue to do the following [derived from Order Paragraphs 6, 7, and 8 of the 10/22/02 Order]:

- a. make such filings at least annually;
- b. provide more specific explanations of the purpose for the security issuance than the explanation that funds will be used for "general corporate purposes; and
- c. address the appropriate cost of capital to apply to filings for the next 12 months.

5. Xcel shall do the following [derived from Ordering paragraph 2 b. and c. of the Commission's 12/30/04 Order]:

- a. report any significant event for NSP-MN or Xcel to the Commission;
- b. provide by e-mail to the Commission, Department, RUD-OAG, and Myer Shark copies of the reports it makes to the SEC.

The motion passed, 4-0.

E-002/GR-05-1428

In the Matter of the Application of Northern States Power Company d/b/a Xcel Energy for Authority to Increase Rates for Electric Service in Minnesota

Chair Koppendraye ruled that, hearing no motion to reconsider, the Order stands as issued.

Commissioner Johnson departed the meeting.

G-008/M-06-1296

In the Matter of a Petition by CenterPoint Energy for Approval of a Miscellaneous Rate Change Related to Transportation Service Daily Balancing Charges

Commissioner Pugh moved that the Commission

- 1. approve CenterPoint's Petition, with an effective date of November 1, 2006 or the date of the Commission's Order if approved after November 1, 2006 for service rendered on or after the date of the Order; and
- 2. require CenterPoint to submit, as a compliance filing within 10 days of the date of the Order in the present docket, the relevant tariff sheets that comply with the Commission's determination in this matter.

The motion passed, 3-0.

G-008/AI-06-560

In the Matter of a Request by CenterPoint Energy Resources Corp d/b/a CenterPoint Energy Minnesota Gas for Approval of an Affiliated Interest Agreement to Transfer Cash Remittance Equipment to CenterPoint Energy Service Company

Commissioner Pugh moved that the Commission

1. determine that the agreement is in the public interest because in the Company's rate case, Docket No. G-008/GR-05-1380, the Commission removed the equipment from rate base and reduced expenses to the expected cost from the service company; and
2. determine that the Company has provided a verified summary of the unwritten arrangement.

The motion passed, 3-0.

E-001.M-06-997

In the Matter of Interstate Power and Light Company's Petition for a Waiver or Variance to Account for SO₂ Emission Allowances

Commissioner Reha moved that the Commission take the actions set forth below:

- grant Interstate's request for a rule variance and allow Interstate to refund the net proceeds of \$165,750 from the sale and purchase of SO₂ emission allowances through its ECA;
- authorize Interstate to include brokerage fees in the calculation of net proceeds;
- approve the use of the "megawatt hours sold ratio" of 5.14% for calculating the Minnesota share of this refund;
- require Interstate to assign an inventory value of zero for ratemaking purposes as the cost basis for the acquired SO₂ emission allowances; and
- approve this variance for this set of sale and purchase transactions only and until the \$165,750 is refunded through Interstate's ECA;
- decline to open an industry-wide inquiry on emission allowance ratemaking and accounting at this time and continue to address these issues as they arise on a case-by-case basis.

The motion passed 3-0.

E-017/M-03-970

In the Matter of the Petition of Otter Tail Power Company to Revise its Cost of Energy Adjustment Tariff to Accommodate Purchased Energy from Renewable Resources

Commissioner Pugh moved to approve the Department's recommendation, with the recognition that the Company included transmission confirmation in its reply comments, that the project is REO-eligible, and that the Company must file a revised tariff within 30 days.

The motion passed 3-0.

E-002/M-06-1103

In the Matter of Northern States Power Company d/b/a Xcel Energy's Petition for Approval of a Transmission Cost Recovery Rider

Commissioner Reha moved to approve the Company's proposal, permitting annual rate adjustments to go into effect each January 1, without prior Commission approval, subject to true-up, with the following exceptions:

- (1) the first year's rate must be approved before going into effect; and
- (2) any proposed rate adjustment not filed by the September 1 preceding the January 1 effective date will not go into effect until approved by the Commission.

The motion passed 3-0.

There being no further business before the Commission, the meeting was adjourned.

APPROVED BY THE COMMISSION: NOVEMBER 22, 2006

Burl W. Haar, Executive Secretary